

# Bond and Note Sale



Department of Finance

September 15, 2020



# Background



- On August 18, 2020, the City Council approved the sale of notes and bonds
- The sale occurred on September 10, 2020
- The sale closing date is October 15, 2020



# Types of Debt

- • • • • • • • • • • • • •
- The sale included three types of debt:
  - Temporary notes - used to finance in-progress projects
  - Bonds - used to permanently finance improvements
  - Refunding bonds - used to reduce City interest costs by refinancing existing debt



# Factors Impacting Rates



- Rates can vary based on many factors:
  - Size and maturity of issuance
  - Credit of issuer
  - Taxability of issuance
  - Level of market supply and demand



# Reviewing Rates

- Sales results can be reviewed based on several metrics:
  - Number of bidders
  - Spread in bids
  - Rates compared to previous City sales
  - Spread in rates compare to Municipal Market Data (MMD) index



# Series 302 Notes - \$104,965,000



- Interim financing for general obligation (GO) at-large projects (\$66.7 million) and special assessment projects (\$38.2 million)
- Six bids were received
- Bid awarded to Morgan Stanley & Co., LLC
- Rate of 0.226%



# Series 303 Notes - \$6,065,000



- Taxable notes for TIF and SA funded projects
- Four bids were received
- Bid awarded to Oppenheimer & Co., Inc.
- Rate of 0.369%



# Series 825 Bonds - \$11,865,000

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- Permanent financing for project costs (GO projects \$4.2 million; Airport project \$7.7 million)
- Four bids were received
- Bid awarded to Robert W. Baird & Co., Inc.
- Rate of 1.489%





# Series 826 Bonds - \$16,200,000

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- Permanent financing for special assessment projects
- Five bids were received
- Bid awarded to Morgan Stanley & Co., LLC
- Rate of 1.43%



# Series 964 Bonds - \$3,875,000

- • • • • • • • • • • • • •
- Taxable permanent financing for River Vista
- Three bids were received
- Bid awarded to Bernardi Securities, Inc.
- Rate of 1.304%



# Series 2020A Bonds - \$6,680,000



- Refunded GO Bonds with same maturities (7 years)
- Five bids were received
- Bid awarded to BNYMellon Capital Markets - 0.54%
- Net present value savings totaled \$374,000, or 5.25%



# Series 2020B Bonds - \$3,970,000



- Refunded GO/LST Bonds with same maturities (7 years)
- Four bids were received
- Bid awarded to Robert W. Baird & Co., Inc. - 0.488%
- Net present value savings totaled \$334,000, or 8.08%



# Series 2020C Bonds - \$10,395,000



- Refunded Water and Sewer Utility Revenue Bonds with same maturities (12 years)
- Four bids were received
- Bid awarded to The Baker Group - 1.21%
- Net present value savings totaled \$1.342 million, or 11.9%



# Refunding Savings

- • • • • • • • • • • • • •
- Since 2009, based on Council direction, the Finance Department has aggressively sought refunding opportunities
- Savings since 2009 total \$67.3 million; including \$2.1 million in the Fall 2020 sale



# Recommended Action

- • • • • • • • • • • • • •
- Ratify the award of the bids by the City Manager
- Adopt the bond ordinances on an emergency basis
- Adopt the bond and note resolutions
- Authorize the necessary signatures



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